

EXHIBIT 1

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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 WINKLEVOSS CAPITAL FUND LLC

4 Plaintiff

5 v.

18 Civ. 8250 (JSR)
Conference

6 CHARLES SHREM

7 v.

8 GARNISHEE LOCAL BIT COINS USA, INC.,
9 GARNISHEE BITTREX, INC.

Defendants

10 New York, N.Y.
11 November 8, 2018
12 11:30 a.m.

13 Before:

14 HON. JED S. RAKOFF

15 District Judge

16 APPEARANCES

17 THE MEADE FIRM

Attorneys for Plaintiff

18 SAM FERGUSON

19 TYLER MEADE

20 BAKER MARQUART LLP

Attorneys for Defendant Shrem

21 BRIAN KLEIN

22 TERESA HUGGINS

23 BRAFMAN & ASSOCIATES PC

Attorney for Defendant

24 MARC AGNIFILO

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1 approximately 5,000 bitcoin. That's all linked to the 5,000
2 bitcoins we know were not his.

3 THE COURT: So what I am trying to get a handle on
4 though is -- this is going to be relevant both for this case
5 and for the schedule that I am to set up for payment of the
6 forfeiture.

7 MR. MEADE: Sure.

8 THE COURT: So his current assets are real estate in
9 Florida. Yes?

10 MR. KLEIN: Yes, your Honor.

11 THE COURT: Including not just his home but other real
12 estate?

13 MR. KLEIN: Investment properties I understand, your
14 Honor.

15 THE COURT: Yes. And they would not be subject to the
16 Florida attachment, the Florida Homestead Law. The home is,
17 but not the others.

18 Cryptocurrency of one sort or another. Yes?

19 MR. KLEIN: Very minimal cryptocurrency, your Honor.

20 THE COURT: What other assets does he have?

21 MR. KLEIN: He has about \$2 million in cash in his
22 bank account, your Honor.

23 THE COURT: OK.

24 MR. KLEIN: We would say this dispute is not about
25 \$30 million. It's about what they claim is an unaccounted for

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1 \$61,000. They have no proof and they put no proof in this
2 record, and there will be no proof that he went out and
3 purchased any bitcoin with that money. So we will put \$61,000
4 in escrow, your Honor, to cover that. Mr. Shrem was willing to
5 do that. That is what this is basically about. But to go out
6 and get an order that he is basically subjected to \$30 million
7 in a preattachment order based on a false premise of these
8 5,000 bitcoins, your Honor, that should be struck. That should
9 be dissolved. And, frankly, he should get attorney's fees
10 going through all this effort. I recognize that's a big ask,
11 but we do feel strongly about that.

12 THE COURT: Well, if and when that is ripe, you will
13 take up that, but certainly not right at the moment.

14 Let me hear from plaintiff's counsel.

15 MR. MEADE: Yes, your Honor.

16 So we alleged that Mr. Shrem took \$61,000 and
17 purchased bitcoin. Why do we think he purchased bitcoin?
18 Well, he is very involved in the Crypto space. By his own
19 admission repeatedly, he has extensive holdings in Crypto.
20 It's a logical inference.

21 Now, we did make allegations about a \$5,000 transfer
22 that ultimately landed most of it in coin base and Zappo. I
23 will accept for purposes of today's hearing that they've made a
24 showing that that is probably Mr. Shrem's bitcoin. I do want
25 to check on that later. But we still sit here years later, and

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1 I'm going to make a decision on the attachment by no later than
2 5:00 p.m. tomorrow. It remains in place till then, although I
3 think we're talking about \$10 if I understand the reality it.

4 MR. KLEIN: Your Honor, I just want to make two last
5 points.

6 THE COURT: Yes, go ahead.

7 MR. KLEIN: I think what they're doing is burden
8 shifting. The burden is on them. This is a really harsh
9 remedy. That's what the case law says. You have discretion,
10 but it is an incredibly harsh remedy and the burden is on them.
11 What you just heard from plaintiff's counsel is speculation.
12 We believe he took 61,000 of our money, and we believe he
13 should have purchased it because he's a bitcoin guy.

14 The only evidence they've offered so far we've
15 indisputably proven wrong. This case is about \$61,000. Again,
16 Mr. Shrem will put up \$61,000.

17 THE COURT: Well, I'm going to take you up on that
18 part independent of where I come out on the attachment. So you
19 should place \$61,000 in escrow with the Clerk of the Court and
20 send me a proposed order to that effect, and I'll either sign
21 it or play with it if it's not the right language.

22 MR. KLEIN: Yes, sir.

23 MR. MEADE: Your Honor?

24 THE COURT: Yes.

25 MR. MEADE: If I may briefly, your Honor, when we get